

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)	CASE NO.
DELTA NATURAL GAS COMPANY, INC.)	90-342

O R D E R

This matter arising upon petition of Delta Natural Gas Company, Inc. ("Delta") filed April 11, 1991 and supplemented May 10, 1991 pursuant to 807 KAR 5:001, Section 7, for confidential protection of certain portions of its state and federal income tax returns for the fiscal year ending June 30, 1990 on the grounds that disclosure of the information is likely to cause competitive injury to three of its four subsidiaries, namely, Delta Resources, Inc., Delgasco, Inc., and Deltran, Inc., and it appearing to this Commission as follows:

Delta seeks to protect as confidential portions of its 1990 consolidated federal income tax return relating to Delta Resources, Inc., Delgasco, Inc., and Deltran, Inc., three of its four subsidiaries. The information sought to be protected consists of Supplementary Statement 2, Supplementary Statement 3, Supplementary Statement 4, Income Statement and Schedule A - Cost of Goods Sold and/or Operations. In addition, Delta seeks to protect as confidential the 1990 state income tax returns for each of those same subsidiaries.

807 KAR 5:001, Section 7, protects information as confidential when it is established that disclosure is likely to cause substantial competitive harm to the party from whom the information was obtained. In order to satisfy this test, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

Delta Resources, Inc. buys natural gas and resells it to Delta's on-system customers and to Delta for system supply. Delgasco, Inc. also buys natural gas and resells it to Delta Resources and to off-system customers. Deltran, Inc. was formed to engage in future interstate pipeline projects. These activities are both unregulated and highly competitive. Competitors of the subsidiaries could use the subsidiaries' income tax returns to determine pricing strategies of the subsidiaries, which would give competitors an unfair advantage in developing their own strategies. Thus, disclosure of the information is likely to cause Delta and its subsidiaries competitive injury and the information should be protected as confidential.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. The portions of Delta's consolidated income tax return for the fiscal year ending June 30, 1990 and its 1990 state income tax returns for Delta Resources, Inc., Delgasco, Inc., and Deltran, Inc. filed April 11, 1990 and supplemented May 10, 1991,

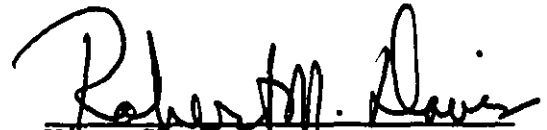
which Delta has petitioned be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

2. Delta shall, within 10 days of the date of this Order, file edited copies of the income tax returns with the confidential material obscured for inclusion in the public record, with copies to all parties of record.

Done at Frankfort, Kentucky, this 19th day of June, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director